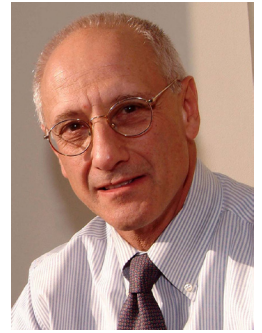




Massachusetts Health Care Reform 2007/2008 Progress Report



Message from the Chairman of the Board and Executive Director



After two years of comprehensive efforts throughout the Commonwealth, Massachusetts has added nearly 440,000 people to the rolls of the insured. In doing so, we have moved reform from an experiment to a success and have solidified its popular support. This summary report, which accompanies a lengthy, formal report on the Health Connector to the Massachusetts Legislature, reviews the progress achieved in implementing Health Care Reform in its first two years.

The most tangible measure of progress is the decline in the number of uninsured. Enrollment has occurred rapidly, ahead of expectations. Our Commonwealth Care program for low-income individuals has grown to 173,000 through August of 2008 and is making health insurance accessible to individuals who, up until now, went without. Some 43% of the newly insured are enrolled in private plans, not subsidized by the state, and a survey by the state Division of Health Care Finance and Policy for the first 21 months of the law's implementation shows that there is little evidence of a shift in enrollment from the private to the public sector. Furthermore, independent surveys of likely voters show steady progress in public support for the new law, as high as 71% in one study.

But most importantly, Health Care Reform is improving the lives of the citizens of Massachusetts. Newly insured individuals have access to the full range of care they need, including preventive care to keep them well. Indeed, a study by the Urban Institute shows that both low-income and higher-income adults report that they are less likely to have unmet health care needs since the law was implemented.

In this report, newly insured individuals tell their own stories, because those stories are fundamentally what Health Care Reform is all about. For example, Jaclyn Michalos, diagnosed with breast cancer shortly after joining Commonwealth Care, explains that having health insurance saved her life by enabling her to seek the care she needed without delay and worry about cost. Lynne Gassiraro, who is self-employed, now has the peace of mind of knowing that her new Commonwealth Choice plan provides financial protection against a number of serious health conditions she battles.

The Legislature, in its wisdom, asked the Health Connector's Board of Directors to make some groundbreaking and complex policy decisions to fully implement the new law. Comprised of individuals from diverse backgrounds and points of view, the Board has worked to make these decisions in a thoughtful and transparent manner, emphasizing cooperation and consensus.

Governor Deval Patrick and his Administration have worked tirelessly to ensure the success of the new law. The Massachusetts Legislature has shown unflagging commitment to Health Care Reform under the leadership of Senate President Therese Murray, House Speaker Salvatore DiMasi and Health Care Financing Chairs Richard Moore and Patricia Walrath. And finally, the Health Care Reform Coalition, made up of organizations, businesses and community groups who came together to support passage of reform, have held strong in their commitment to making it a reality in Massachusetts.

This Summary Report outlines progress to date for the newly created Health Connector and Massachusetts Health Care Reform. This summary is largely descriptive, as is the full report to the Legislature. Implementation of Health Care Reform is a three-year process, and many of the initiatives are still evolving. As these programs mature and we accumulate experience and data, we will turn increasingly toward evaluation and report our findings.

Leslie Kirwan, Chair
Secretary for Administration and Finance

Jon Kingsdale, Ph.D.
Executive Director, Commonwealth
Health Insurance Connector Authority



Health Care Reform is literally saving the lives of people like Jaclyn Michalos of Norwood who is now cancer-free after undergoing treatment for breast cancer.

Contents

The Results Are In.....	4
Key Policy Decisions.....	12
Public Education and Outreach Campaign....	14
Commonwealth Care.....	18
Commonwealth Choice.....	20



The Commonwealth Health Insurance Connector Authority is an independent state agency that helps Massachusetts residents find health insurance coverage and avoid tax penalties.



The Results are In

Two years after passage of Massachusetts' landmark Health Care Reform law, nearly 440,000 individuals are newly insured. Nearly half of the newly covered are enrolled in private plans with no government subsidies. To date, there is little evidence of crowd-out, or the shifting of enrollment from the private to the public sector. A report by the U.S. Census Bureau shows that gains made in enrollment in Massachusetts since the law was enacted have propelled the state from seventh place in the percentage of insured citizens to first place for the 2006 and 2007 period. The following report to the Massachusetts Legislature details the state's experience with Health Care Reform at its early stages.

Implementation Begins

Chapter 58 of the Acts of 2006, was signed into law in April of 2006. Work on implementation began immediately with the expansion of MassHealth eligibility and the promulgation of the first set of emergency regulations from the Massachusetts Health Insurance Connector Authority.

The Health Connector first began to offer subsidized coverage for uninsured adults with the lowest

incomes in October 2006 for a November 1 effective date, and three months later extended this offering to those from 100 to 300% of the federal poverty level (fpl). Commonwealth Choice, the Health Connector's program for individuals not eligible for subsidized coverage, opened in May 2007, for an effective date of July 2007.

The three-year phase-in of Health Care Reform in Massachusetts continues with an increase in tax penalties for 2008 and implementation of new standards for Minimum Creditable Coverage in 2009. Also planned for early 2009 is the extension of the Commonwealth Choice program to small employers

Two years after beginning implementation and phase-in of the law, Massachusetts has passed a number of significant milestones. Most importantly, more Bay Staters now have health insurance. Based on information collected by the Division of Health Care Finance and Policy (DHCFP), 57% of the almost 440,000 newly insured are enrolled in Commonwealth Care or MassHealth and 43% are in private insurance. Well over half of the new enrollees contribute all or something significant to the premium cost of their coverage and

Health Reform is signed into law.

MassHealth eligibility expands.

Commonwealth Care opens enrollment for people with incomes up to 100% of the federal poverty level.

Commonwealth Care opens enrollment for people with incomes up to 300% of the federal poverty level.

April 12, 2006

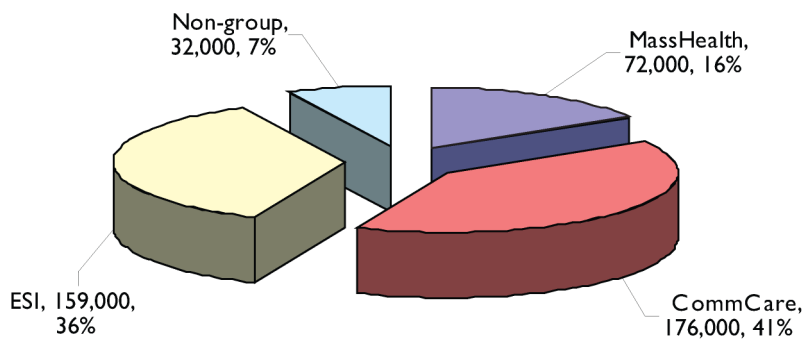
July 1, 2006

October 1, 2006

January 1, 2007

439,000 Newly Insured Mass Residents

(from June 2006 through March 2008)



incur co-payments and other cost-sharing in line with private employer-sponsored insurance. (This DHCFP data is from the first 21 months of the law's implementation, from June of 2006 through March of 2008.)

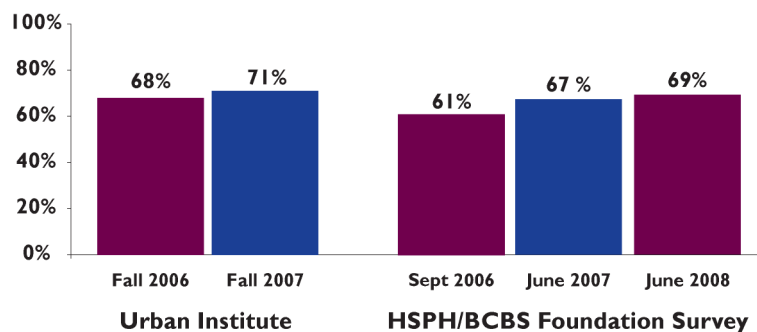
Based on data from fall of 2007—both survey data and tax filings—the number of uninsured in Massachusetts has fallen substantially. A state survey of the uninsured due out at the end of 2008 will provide more definitive information on the remaining number of uninsured.

In addition to launching two major coverage programs in its first year—subsidized Commonwealth Care and unsubsidized Commonwealth Choice—the Health Connector's Board of Directors met 25 times to wrestle with a number of critical and high profile policy decisions. Most of these matters were decided unanimously. The Board's successful

efforts to reach consensus are in keeping with the earnest efforts of many interested parties dedicated to implementation of the landmark legislation.

Soon after its enactment, popular support for Health Care Reform was already high. Remarkably, in the two years since, public support in Massachusetts has actually increased.

Two surveys - support for MA health care reform



Care opens for
comes of up to
al poverty level.

Open enrollment begins
for Commonwealth Choice.

With some exceptions,
Massachusetts adults
must have health insurance.

Changes to
Health Safety Net
regulations take effect.



Having health insurance is helping people like Madelyn Rhenisch reclaim their lives.

“Your job ends, accidents occur and health issues arise,” said Madelyn. “And when you have health problems and no insurance, you struggle. I stopped getting routine and preventive care, saw doctors only when I couldn’t find any self-help way of healing myself, and I lived in fear of an illness or accident that I wouldn’t be able to afford.”

When Madelyn did develop health issues, it didn’t take long for her to lose all the retirement money she had worked so hard to set aside.

On Oct. 2, 2006, she became the first person in Massachusetts to enroll in Commonwealth Care, one of the Health Connector’s landmark programs that provides quality care at a reasonable price. Today there are some 440,000 newly insured in either public or private market insurance.

“I no longer live in fear of the next illness or accident,” said Madelyn. “Without the foundation of health, you cannot hold your own or contribute. You cannot use your skills and resources to build a strong life and community.”

Madelyn no longer has to decide between medicine and food. She now gets the routine care she needs, and as her health is restored, she feels secure and is filled with hope.

“I am proud to live in the first state to take on the responsibility of ensuring health care for all its citizens,” said Madelyn. “Whatever costs are incurred are more than repaid by the ability of people like myself to regain their health and step back into the role of contributing citizens.”

And beyond our borders, this legislation is often examined as a possible model for national health reform.

Due in part to an aggressive public education program, enrollment growth in Commonwealth Care peaked just as the individual mandate penalties came into effect at the end of 2007. With the introduction of a comprehensive process for annually re-determining eligibility, enrollment in Commonwealth Care leveled off in March 2008 at approximately 176,000 while growth in MassHealth has reached about 72,000. The Health Connector projects that growth in the program will soon resume. The portion of premium-paying enrollees in Commonwealth Care continues to grow, as does enrollment in private, commercial insurance.

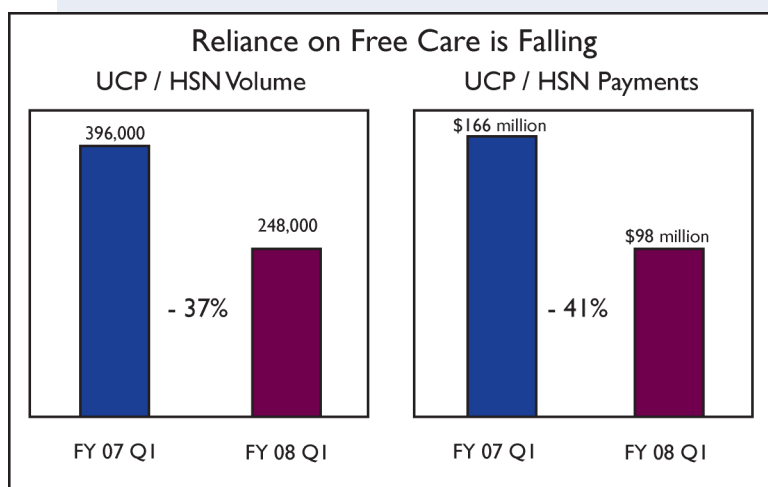
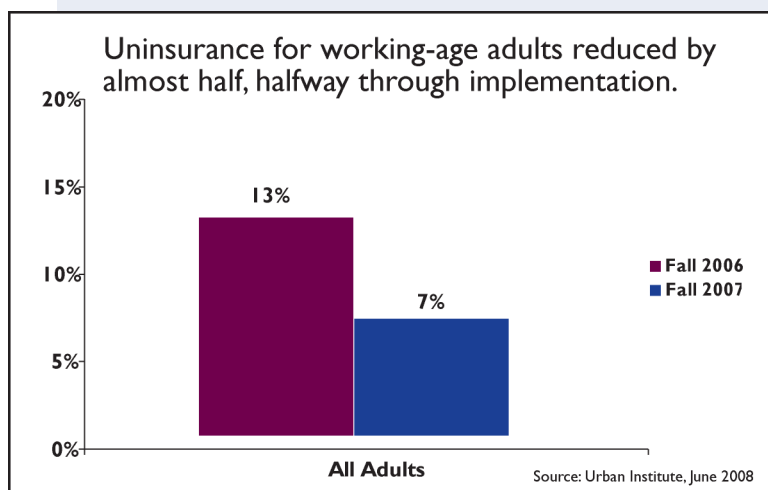
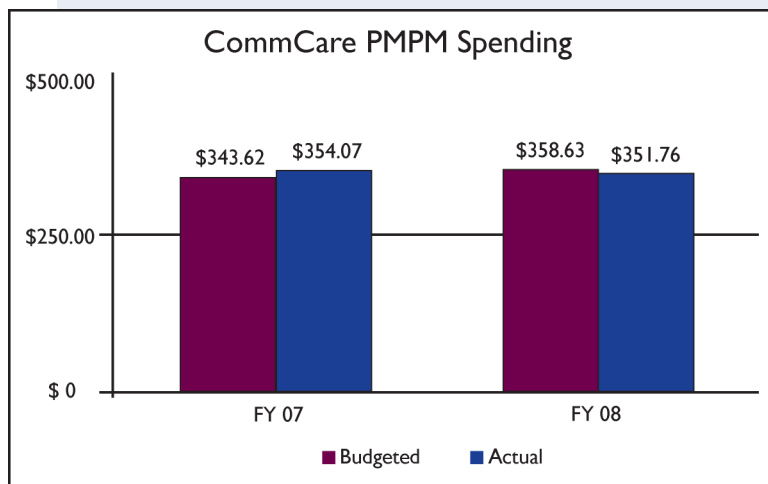
The rapid pace of the growth in Commonwealth Care has generated cost concerns. In fact, spending on Commonwealth Care exceeded early budget projections for FY 2008 by over \$150 million. However, as a relatively new program expected to grow at rates which can only be estimated in its early years, enrollment growth is more an indicator of need than anything else. On the basis of cost per member per month, Commonwealth Care has tracked close to budget for the past two years.

Meanwhile, a look at available data begins to paint a picture of initial success, not only in covering more individuals, but in improving access to routine care and reducing reliance on “free care.” A survey by the Urban

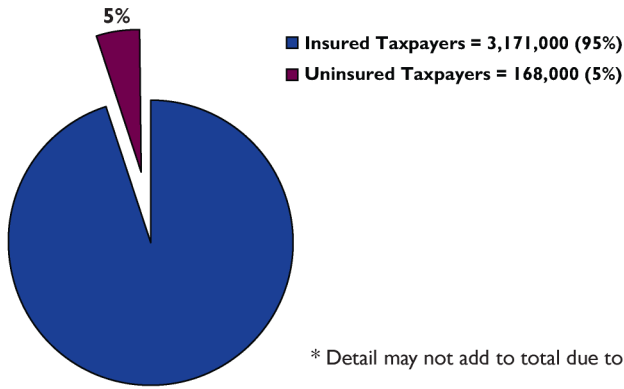
Institute reports that from the fall of 2006 to the fall of 2007, the number of uninsured adults in Massachusetts dropped almost in half, from 13% to 7%. Because seniors and children were not included in the survey and have far higher rates of insurance than working-age adults, the overall percentage of uninsured was likely lower. Moreover, the survey was conducted in October and November of 2007, before penalties for complying with the new law went into effect, prompting a large surge in enrollment.

The Urban Institute findings are corroborated by the annual U.S. Census Bureau survey that showed the state's average uninsured rate for the two-year period, 2006-2007, dropped to 7.9%, making Massachusetts the state with the lowest rate of uninsured residents in the country. As predicted, the use and cost of the Health Safety Net for the uninsured is falling. As reported by DHCFP, utilization of free care had declined by 37% and payments declined by 41%, in the first quarter of Health Safety Net fiscal year 2008 over the same quarter a year earlier. As intended under the new law, increasing subsidies for insurance and constricting eligibility for the Health Safety Net are moving cost from institutional subsidies to individual and comprehensive coverage.

The state Department of Revenue (DOR) has been a strong partner in the implementation of Health Care Reform. Communications to tax filers and employers explaining their responsibilities under the law have been undertaken through DOR, which is also responsible



Insured vs. Uninsured (3,343,000 total taxpayers*)



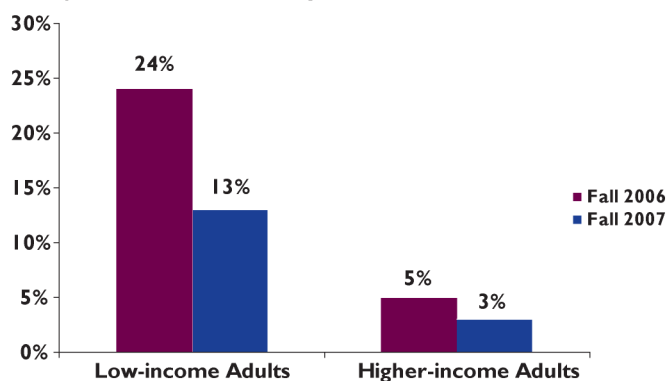
for implementing the schedule of tax penalties. DOR also serves as a source of important data about compliance. The department confirms a high level of coverage among adults through state income tax filings for 2007. Just 5% of some 3.3 million tax filers reported being uninsured as of Dec. 31, 2007, and compliance with the new tax filing requirements was overwhelmingly successful, with only 1.4% failing to file appropriately.

Of those Massachusetts taxpayers who reported not having health insurance, 3% (97,000) were deemed able to afford coverage, but self-assessed a penalty for not having it; the remaining 2% (71,000) were exempt from the requirement, either because they could not afford to purchase insurance, or because of their religious beliefs. As of August 2008, only 2,411 Massachusetts residents out of some 3.3 million filers had actually appealed the 2007 penalty decision.

Of the nearly 440,000 newly insured, as of March 2008, about 176,000 were enrolled in the Commonwealth Care program, 72,000 were receiving MassHealth, the state's Medicaid program, and 191,000 had enrolled in private insurance through their employers, the Commonwealth Choice program or because they purchased directly from a carrier.

The 43% who are enrolled in commercial health insurance plans represent the first significant increase in private, commercial insurance in Massachusetts in decades. Over half of the new enrollees contribute significantly toward their monthly premium, whether they pay all of it--as do some 32,000 new buyers of non-group insurance--or part, as do some 159,000 new enrollees who took up their employer's offer of insurance as well as more than 60,000 enrollees in government-

Drop in uninsurance significant across income strata



All employers with 11 or more full-time-equivalent employees in Massachusetts must offer a Section 125 Plan.

July 1, 2007

Employers with 11 or more full-time-equivalent Massachusetts employees must make a "fair and reasonable" contribution toward an employee health plan or pay an assessment.

October 1, 2007

Massachusetts health insurance income tax credit

subsidized Commonwealth Care. Among the 32,000 new buyers of non-group (individual) insurance, nearly 50% bought through the Health Connector, and 80% of that group utilized the Health Connector's award-winning web site for their purchases.

The Uninsured

The uninsured are disproportionately poor, so they make up a large portion of the newly insured, but Health Care Reform is helping people in need of coverage across the income spectrum. In the Urban Institute study, a significant decline in the numbers of uninsured was evident from 2006 to 2007 for both middle class adults and those earning 300% or less of the federal poverty level.

It is important to note that market reforms generated as a result of the new law significantly increased the choice and value of non-group health insurance in Massachusetts. Before reform, a healthy 37-year-old living in Boston – the median age for uninsured adults in the Bay State – paid \$335 per month in premiums and had few market options. Post reform, that same 37-year-old had a broad range of options, including at least one plan for a little over half the price, with twice the benefits. In just nine months following reform of the non-group market, enrollment in individual plans doubled from

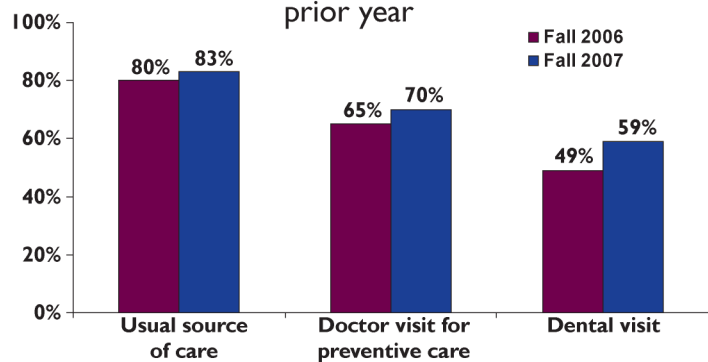
Plan choices for typical uninsured 37-year-old

	Pre-reform	Post-reform
Monthly Premium	\$335	\$184
RX coverage	None	\$100 deductible
Deductible	\$5,000	\$2,000

36,000 to 72,000.

Increased access to medical care is a key goal of health reform, and the Urban Institute study showed that adults across income categories in Massachusetts have not only experienced increases in access to medical care, but have also experienced reduced out-of-pocket spending and increased use of preventive care services. In other words, Massachusetts insured hundreds of thousands of people who are now able to address previously unmet medical needs in a more affordable way.

Low-income adults more likely to have a regular health care provider and to have had health care visits over prior year



Source: Urban Institute, June 2008

Massachusetts adults must show that they have enrolled in a health insurance plan or lose their personal exemption deduction on their 2007 state taxes.

Penalties for adults who aren't insured increase.

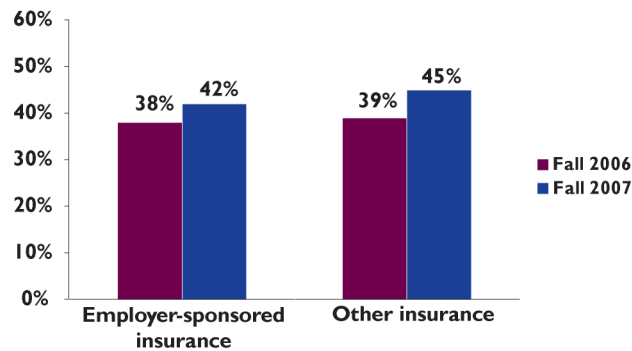
Launch of Contributory Plan, New Minimum Creditable Coverage standards take effect.

December 31, 2007

January 1, 2008

January 1, 2009

ESI growing right along with other coverage for low-income adults



Source: Urban Institute, June 2008

Shared Responsibility

The reform law in Massachusetts has been an effort borne of shared responsibility among individuals, business and government. It's a formula that has proved attractive to voters. A survey by the Harvard School of Public Health and the Blue Cross Blue Shield of Massachusetts Foundation (HSPH/BCBSMA Foundation) showed that of the 93% of Massachusetts residents who say they know about the law, 69% support it. That support is up from 61% in September of 2006. Similarly, Urban Institute surveys in the fall of 2006 and fall of 2007 show a rise in favorable opinion among working-age adults from 68% to 71%, and those favorability ratings were similar for low-income and higher income respondents. When asked in the HSPH/BCBSMA Foundation study about repeal of the new law, only 12% of residents said they would like to see it repealed.

Support for the requirement that businesses with 11 or more employees provide health insurance or pay an assessment of up to \$295 per employee per year is also growing, with the HSPH/BCBS

Foundation survey showing support at 75% in June of 2008, up from 70% in September 2006. Additionally the study showed that 77% of Massachusetts residents supported providing subsidized health insurance to low-income residents.

The cost of the program has grown in response to enrollment growth. And, just as Commonwealth Care has grown, so has employer-sponsored insurance and private, non-group insurance. To date, there is no evidence of significant "crowd-out," or behavior changes from employers or employees that would shift enrollment from the private to the public sector.

None of this is to suggest that cost is not a concern. It is the major concern in any successful effort to significantly expand health coverage. By embracing the moral imperative to cover the uninsured, Massachusetts can no longer respond to medical cost increases by rationing financial access to care; instead, the challenge of moderating annual increases in the cost of medical care and health insurance must be squarely confronted. Legislation to do just that has recently been enacted and cost containment will continue to be a priority in the years ahead.

Connector Authority Administrative Cost

Prior to the commencement of operations, the Health Connector was provided an initial investment by the Legislature of \$25 million. As the

Connector is a quasi-public agency, it is not a budgeted line-item for the Commonwealth of Massachusetts and, therefore, does not receive annual funds from the state to offset administrative costs. As such, the \$25 million initial capitalization was expected to cover start-up expenses until the Connector generated sufficient revenue from members enrolled in Commonwealth Care and Commonwealth Choice to cover ongoing operating costs.

As expected, the Connector ran a significant operating loss in its first full fiscal year, while staffing up, launching programs and building initial enrollment. However, the Connector not only managed to reach break-even at the end of FY 2008, as budgeted, but is expecting to realize a modest net surplus for the year. FY 2008 results for the administrative budget are about \$5 million better than expected. In the current fiscal year, the Health Connector projects a slightly better than break-even budget, even while reducing the administrative surcharge on Commonwealth Care from 4.5% last year to 4% this year. The Connector projects spending approximately \$39.1 million in FY 2009 on revenues of \$39.6 million. ■



Gabrielle Rene and Andre Bastien have worked hard for everything they have, yet they found themselves without health insurance for four months until they heard about the Health Connector.

“When I decided to become self-employed, I didn’t know how I was going to be able to afford the rising cost of health insurance,” said Andre. “Fortunately, my wife told me about the Health Connector.”

And the plan they chose cost less than what they had been paying several months before.

“Getting started with the Health Connector is very easy,” said Gabrielle. “All you have to do is check them out on the Internet and you’ll see all the options. You and your family will have an opportunity to choose the plan that works best for you.”

Very shortly after signing up for a Commonwealth Choice plan, Andre found himself in a hospital emergency room with chest pains. He didn’t have to worry about spending thousands of dollars.

“With the Health Connector, I am able to have good health insurance, and that gives me peace of mind,” said Andre.

Gabrielle and Andre are proud of what Massachusetts is doing to reduce the ranks of the uninsured.

“I am very happy to be in a state that is the leader of this new initiative. If you need health insurance, you really need to learn more about the Health Connector,” said Andre.

Key Policy Decisions

Important policy and regulatory challenges that go beyond the administration of two new insurance programs were delegated to the Health Connector by the Legislature. The Connector established benefit packages and a progressive schedule of co-payments and premium schedules for Commonwealth Care enrollees who earn more than 100% of the federal poverty level. In setting these in 2007 and updating them in 2008, the Board succeeded in reaching a consensus that balanced the concerns about affordability while preventing the shift of cost from the private sector to government-subsidized plans and federal and state taxpayers.

Most Massachusetts residents are required to have health insurance. The Health Care Reform law

assigned the Health Connector the challenge of setting “Minimum Creditable Coverage” (MCC), the standard of benefits needed to meet the individual mandate.

MCC sets a floor. The Health Connector and other state agencies deem any insurance benefits below the MCC level insufficient. In setting this floor, the Connector was guided by the need to balance premium and out-of-pocket costs, encourage preventive care and cover core medical services. These regulations require that as of Jan. 1, 2009, an MCC-compliant health insurance plan must cover a broad range of medical services, including:

- prescription drugs,
- visits to the doctor for preventive care, before any deductible,
- deductibles that are capped at \$2,000 for an individual or \$4,000 for a family each year,
- an annual cap on out-of-pocket spending at \$5,000 for an individual or \$10,000 for a family (for plans with up-front-deductibles or co-insurance), and
- no cap on total benefits for a particular sickness or for a single year.

As a result, Massachusetts is unique among the 50 states in requiring coverage of a broad array of medical services and prescription drugs, capping deductibles and out-of-pocket spending and requiring coverage of preventive care.

Those who cannot afford health insurance are exempt under the new

“It’s unanimous.”

The Board of the Health Connector includes members with diverse viewpoints from the business, government, labor, academic and health care sectors. Through vigorous debate and negotiation, these dedicated appointees have demonstrated a shared commitment to the success of Health Care Reform and always reached consensus on difficult questions of policy, including:

- Minimum Creditable Coverage, including the requirement for Rx benefits
- Affordability Schedules for the 2007 and 2008 tax years
- The appeals and exemptions process for the individual mandate
- Premium and co-pay schedules for Commonwealth Care members
- “Seal of Approval” decisions on Commonwealth Choice offerings
- Rules for employers who want to offer tax-free savings through a Commonwealth Choice “Section 125 Plan”

law from the individual mandate, and the Health Connector is charged with defining “affordability” and annually updating this schedule. Setting a fair schedule that also maintains the integrity of the individual mandate is one of the major policy challenges of reform. The Board of the Connector succeeded in reaching consensus twice on this controversial issue—originally in 2007 and again in 2008.

Tax Penalties

The individual mandate is enforced by tax penalties. If, according to the Affordability Schedule, a Massachusetts adult has an affordable, MCC-compliant health insurance option, he or she needs to enroll. If not, the individual could face tax penalties, unless he or she sought and received a hardship or religious exemption.

Although the individual mandate took effect on July 1, 2007, enforcement was tied to the last day of the tax year, Dec. 31, 2007. Adult tax filers who were not insured or exempt from the mandate on that date lost their \$219 personal exemption when they filed their 2007 state tax return. Based on 2007 tax-filings to date, the 2007 Affordability Schedule exempted just over 60,000 people from the mandate and staff’s analysis of the revised 2008 schedule suggests similar results for the current tax year.

In 2008, the penalty increases substantially and is based on income and broad age groupings.

It will be assessed for each month an individual does not have health insurance and will be reported on the 2008 tax return. In 2008, the highest penalty for not having health insurance for the entire year is \$912 for an individual.

Public compliance with the new filing requirements and potential resistance to the imposition of tax penalties for not having insurance were major areas of concern. It was critically important to the success of the Health Care Reform law that such issues be handled efficiently and fairly. The Health Connector and the state Department of Revenue have worked collaboratively to handle waiver requests and appeals related to the individual mandate in a fair and constructive manner. Of the 3.4 million Massachusetts residents who filed personal income tax returns with the state, only 1.4% failed to file their forms correctly and only 2,411 have appealed the tax penalty. ■

By the numbers:

- 95% of Massachusetts residents have health insurance.
- 58% of those who did not have health insurance were deemed able to afford insurance (97,000 tax filers).
- 37% (about 62,000 tax filers) were deemed unable to afford health insurance.
- 5.5% (or 9,000 tax filers) claimed a religious exemption from the mandate.

Approximate data from 2007 tax filings (with 86% of filings processed).

Supporters gather at the Massachusetts Statehouse to celebrate another milestone in the implementation of Health Care Reform. Speaking is Connector Board Chairwoman Leslie Kirwan.



Public Education & Outreach Campaign



Governor Deval Patrick addresses Health Care Reform supporters at the launch of the Public Education Campaign at Fenway Park in May of 2007.

The landmark Health Care Reform law, with its mandate that nearly all Massachusetts residents have health insurance and its employer requirements, necessitated an aggressive public education and outreach campaign. More than six million residents and some 193,000 employers needed to be informed of the benefits associated with having health insurance, tax penalties for not having it, and requirements affecting the business community. In November of 2006, as questions,

concerns and confusion about the law began to mount, the Connector was tasked by the Secretaries of Health and Human Services and Administration and Finance to lead and coordinate communications about the many facets of reform to employers, insurers, brokers, Taft-Hartley fund administrators and the public in general,

To accomplish this, the Health Connector launched a multi-faceted outreach campaign that began

with its own Public Information Unit answering inquiries by phone and e-mail, and featured civic and corporate partnerships, grassroots enrollment events, direct mail, media outreach, educational forums and paid advertising across the state. While raising awareness of the new law and explaining its many facets, the campaign also promoted the availability of the Commonwealth Care and Commonwealth Choice programs.

Partnering with the Boston Red Sox, the Connector launched its Connect to Health campaign at Fenway Park in May of 2007. The Red Sox provided the Health Connector with support in numerous ways. For instance, an information booth was set up on the Fenway Park concourse and interviews were televised during games with Health Care Reform advocates like U.S. Senator Edward M. Kennedy and Governor Deval Patrick. The Red Sox helped with additional in-stadium messaging, bonus advertising, space in the Red Sox program, Connect to Health Days at Fenway and recently a public service announcement from Red Sox pitcher Tim Wakefield.

The Health Care Reform Coalition, which encompassed a host of independent organizations, including business groups, hospitals and providers, advocates and health plans, raised funding to launch an advertising campaign complementary to the Health Connector's and worked in tandem



Shopping for health insurance used to be a painstaking experience if you were self-employed. Just ask Lynne Gassiraro of Natick.

"You spend hours doing research and meeting with salespeople and in the end, you really don't know what you're getting yourself into," Lynne said. "I changed plans three or four times after reluctantly choosing one of those out-of-state, unknown companies, not realizing how inadequate it really was."

Lynne found herself in an emergency room in 2007 with a life threatening situation, a lengthy hospital stay and impending surgery. She was only 39 years old.

"I knew my insurance wouldn't cover everything, but I wasn't prepared for all the bills after I got home." Despite having insurance, she owed thousands of dollars.

That's when Lynne found out about the Health Connector.

"I was surprised how easy it was to compare plans, see clearly what was covered and get upfront pricing. The side-by-side comparison of products from local insurance companies was clear and easy to obtain."

Lynne's Commonwealth Choice plan came just at the right time. She recently had surgery for thyroid cancer and other ailments require her to see a cardiologist, gastroenterologist, pulmonologist and two endocrinologists.

"I am happy to have coverage that allows me to see specialists and have the tests and treatments I need," said Lynne.

"The Health Connector has been such a valuable resource for me. It literally saved my life. I tell my friends to check out the Health Connector and really compare coverage because I don't want them to experience the same problems I had."



Governor Deval Patrick thanks Red Sox CEO Larry Lucchino for the team's Health Care Reform partnership.

with the Connector on an array of outreach efforts. The Coalition included Partners HealthCare, Blue Cross and Blue Shield of Massachusetts and its Foundation, the Associated Industries of Massachusetts, the Massachusetts Business Roundtable, the Massachusetts Taxpayers Foundation, the Greater Boston Chamber of Commerce, Health Care for All, the Massachusetts Hospital Association, the Massachusetts League of Community Health Centers, Harvard Pilgrim Health Care, Tufts Health Plan, Neighborhood Health Plan, Children's Hospital, Boston, Massachusetts Eye and Ear Infirmary and Tufts Medical Center.

A unique feature of the success of Health Care Reform has been the sustained support of the various private sector organizations who helped enact the law and who continued to support and promote it during critical phases of implementation.

In order to raise awareness and understanding of the new law, a community-wide outreach effort was required and civic and private partnerships were critical. These partnerships were many and varied. For instance, the Greater Boston Interfaith Organization

held enrollment sessions after religious services and went door-to-door with information and assistance. CVS Pharmacies provided in-store signage, informational materials and overhead radio announcements. Comcast provided pro bono advertising. The Associated Industries of Massachusetts, the Retailers Association of Massachusetts, and the Massachusetts branch of the National Federation of Independent Businesses all sponsored regional educational forums for employers in conjunction with the Health Connector.

The complete list of partnerships is extensive and includes: Bank of America, Market Basket Supermarkets, Shaw's and Star Supermarkets, the Massachusetts Department of Revenue, the Massachusetts Registry of Motor Vehicles, the Massachusetts Board of Higher Education, the Massachusetts Bay Transportation Authority, the Massachusetts Association of Realtors, the ACT Coalition, the Massachusetts Department of Public Health, the International Brotherhood of Electrical Workers, SEIU 1199, Price Chopper, Zipcar, the Massachusetts Association of Health Plans and carriers offering health insurance plans through the Health Connector.

The state also provided grant funding to community organizations for outreach and enrollment assistance on the regional as well as city and town level.

Market Research

Understanding the uninsured and the reasons that they lacked or resisted coverage was an important element of the outreach campaign.

The Health Connector undertook market research to understand its audiences and create appropriate messaging to effectively reach them. That research showed that two basic messages resonated with the uninsured, who are disproportionately young, male adults. Protection from financial ruin in the event of an unexpected accident or diagnosis hit a chord in focus groups with males while access to preventive care appealed to women.



Ahora se exige que todos los residentes de Massachusetts tengan seguro médico y el Health Connector del Estado le ayuda a conseguir seguro de salud de una manera fácil y a precios más económicos. Si usted no tiene seguro médico, llame o visite la página en Internet para escoger de una extensa variedad de planes de salud que ofrecen amplios beneficios y cuidado preventivo. Ahora seis empresas aseguradoras ofrecen planes que tienen la aprobación de Health Connector: Blue Cross Blue Shield de Massachusetts, Fallon Community Health Plan, Harvard Pilgrim Health Care, Health New England, Neighborhood Health Plan y Tufts Health Plan.

Protéjase, tanto médicamente como financieramente. Regístrese ahora para obtener seguro médico económico a través de Health Connector de Massachusetts.

1-877-MA-ENROLL
MAhealthconnector.org



Advertising was influenced by market research and included television, radio, print and Internet applications. Ethnic media was also a special focus. Direct mail was utilized with two postcards sent to the homes of all tax filers reminding them of the deadline for enrolling in health insurance before tax penalties would be incurred. Similar communications were sent to all employers. Additionally, the Department of Revenue sent a follow-up letter to all tax filers who were assessed the penalty for not having health insurance in 2007. This mailing explained increasing fines for 2008 and provided advice about where to obtain health insurance. Promotional and informational materials were also produced for widespread distribution.

The Connector and its partners held 30 grassroots enrollment events across the state in conjunction with state legislators, city and town officials, local hospitals, community health centers and community

groups. While helping the uninsured enroll in health insurance, the events also generated regional and national news coverage.

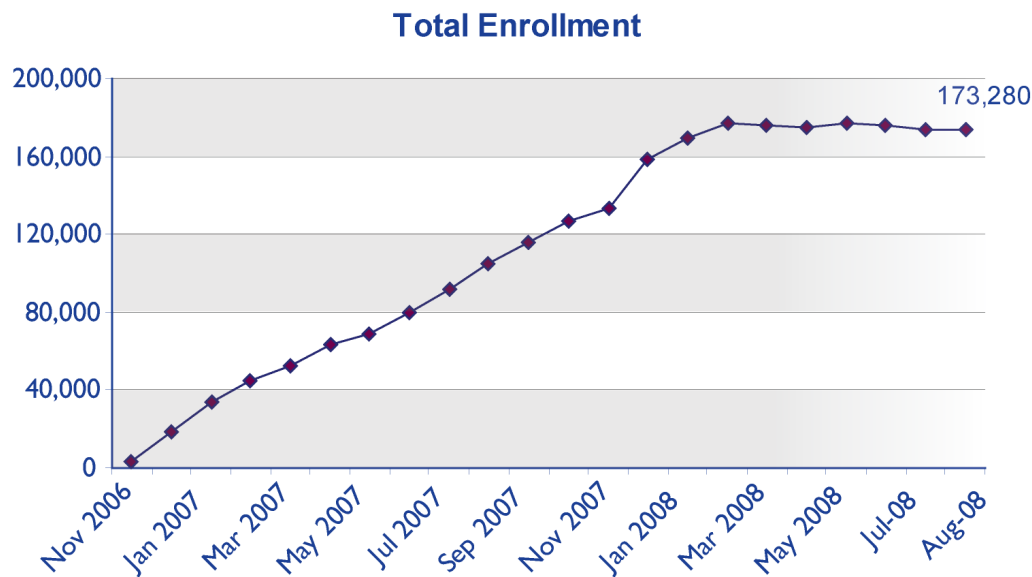
These community-wide efforts drove enrollment in health insurance and knowledge of the law. Independent surveys placed knowledge of the requirement that all residents have health insurance at 87% in late 2007. A more recent survey in June of 2008 by the Harvard School of Public Health and the Blue Cross Blue Shield of Massachusetts Foundation reports that 93% of Massachusetts residents say they know at least something about the new law. ■

The Health Connector launched a multifaceted ad campaign to build awareness of the law and drive enrollment.



Commonwealth Care

Putting Coverage within I



Commonwealth Care is the Health Connector's subsidized health insurance program that connects eligible Massachusetts adult residents with approved health plans. Launched in October of 2006, Commonwealth Care insured more than 173,000 Massachusetts adults, as of Aug. 1, 2008. (Of that total, more than 60,000 are paying a monthly premium.) Children of enrollees are covered by MassHealth without a premium.

Uninsured households with incomes up to 300% of the federal poverty level, currently \$31,212 for an individual and \$63,612 for a family of four, may qualify for a subsidy. For those with family incomes up to 150% of the fpl, there are no monthly premiums. Members of Commonwealth Care choose a health plan and their own doctor. Benefits include regular check-ups, treatments for sickness or injury, prescriptions, vision care, mental

health, substance abuse treatment and, for some members, dental care.

The program offers a health insurance option to those individuals who may not have qualified for a Medicaid program and those who may never have considered a government subsidized health insurance program.

For households with incomes above 100% of fpl, the Commonwealth Care model closely resembles that of commercial insurance plans with monthly premium payments for some members and co-payments for services and prescriptions. As of July 1, 2008, premium contributions for the lowest cost plans range from \$39 to \$116 depending upon an individual's income.

Enrollment in Commonwealth Care has grown faster than expected due to an aggressive outreach and public education campaign and the

Reach

fact that there were more uninsured individuals in Massachusetts than initially projected.

As the program continues to develop, the focus has shifted from enrolling the uninsured to maintaining and strengthening the program for the long-term.

Great strides have been made to connect individuals with health insurance. This would not have been possible without strong relationships between state agencies such as the state's Office of Medicaid (MassHealth) and the Division of Health Care Finance and Policy.

After months of staff analysis, board deliberations and input from interested constituents, several program changes were instituted for the benefit year beginning on July 1, 2008. These were part of the first program reprocurement between the Health Connector and the Medicaid Managed Care Organizations (MMCOs) that offer Commonwealth Care plans.

These adjustments keep co-pays closer to the cost of co-pays for employer-sponsored insurance plans and are intended to help prevent crowd-out and ensure the future viability of the program.

Commonwealth Care plans are currently offered by:

- Boston Medical Center (BMC) HealthNet Plan
- Fallon Community Health Plan
- Neighborhood Health Plan
- Network Health

Having health insurance doesn't necessarily rank high on a twenty-something's priority list.



Lifelong Norwood resident Jaclyn Michalos knows that first-hand. An avid runner and former captain of her college field hockey team, she had other things to do.

"Plus, it was really expensive," Jaclyn said.

But Commonwealth Care put health insurance within her reach ... just in time, because in 2007 Jaclyn was diagnosed with breast cancer.

"If I didn't have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today to tell you my story."

It's been more than a year since that diagnosis and Jaclyn is now cancer-free. Not only is she back at her regular waitressing job, but in August she returned to Norwood High School to once again patrol the sidelines as head coach of the junior varsity field hockey team. And this spring, she took part in the two-day, 40-mile Avon walk for breast cancer.

"I want to tell people my age that health insurance is the most important thing you could ever have. People have insurance for their cars, but too many ignore health insurance. Having health insurance saved my life."

In addition to being cancer-free, Jaclyn has no medical debt.

"It's scary how much everything costs. My parents told me they would have taken out a second mortgage to pay my bills if I didn't have health insurance because I have no money. I'm glad that didn't happen to them."



At 6-foot-5 inches and 225 pounds, Andrew Herlihy of Malden is a force to be reckoned with on the basketball court when he's not mountain biking, hiking or skiing. He also has to be on top of his game running after-school and summer camp programs for kids.

"I have to be very active with them, whether it's kneeling down to get to their level, talking with them, or playing in the gym," said the 25-year-old Stonehill College graduate.

Unfortunately, he spent a stint on the disabled list when he injured his knee and didn't go to the doctor because he couldn't afford it. Instead, he says, he spent four months in "extreme pain."

It wasn't until after that injury that he saw a Health Connector ad on the subway and decided to purchase a Commonwealth Choice Young Adult Plan.

"I'd been putting it off, but I knew I needed it," Andrew said.

Soon after that, he was playing basketball again when he tore the meniscus in the previously injured knee. This time his insurance card gave him a speedier road to recovery. He was able to see a specialist, was fitted for an immobilizer, underwent physical therapy and was back to work and on the basketball court.

"Before I hurt my knee, I was one of those people who thought I didn't need health insurance. It's a miniscule price to pay to ensure that you can continue with your every day activities. My insurance helped get me back to the basketball court and doing what I love doing more than anything - working with kids."

Commonwealth Empowering C

Commonwealth Choice provides a marketplace in which consumers can shop and compare well-known commercial health plans in Massachusetts. Tools and assistance are available so that consumers can choose the plan that is right for them. As of August 2008, more than 18,000 Massachusetts residents have found health coverage through Commonwealth Choice.

Commonwealth Choice was created through the Health Care Reform law to provide consumers with information and choice in the private market for health insurance. Prior to the program's creation, it was difficult for individual consumers to compare plans and, unlike large employer groups, they had little standing to push for greater value or better choices.

Through Commonwealth Choice, the Health Connector negotiates directly with the health plans. Offerings that meet standards for affordability and value receive the Health Connector's Seal of Approval before they are offered to consumers. Consumers can then shop, compare and enroll by phone or online using the Health Connector's award-winning website, MAhealthconnector.org.

The Health Connector has reduced cost, and has held down premium increases. New plan offerings in the second year of Commonwealth Choice had an average premium increase of 5 % - progress in a market that had characteristically experienced double-digit increases.

Health Choice Consumers

Commonwealth Choice provides health insurance through three main channels:

Direct-to-consumer plans.

Launched in May 2007, a complete consumer shopping experience – online or by phone – gives Massachusetts consumers their first-ever, one-stop-shopping opportunity to compare health plans on price and benefits and to enroll.

To help consumers sort their options, plans are organized into Gold, Silver and Bronze tiers, based on prices and benefits. An additional tier of options is available for 18- to 26-year-olds, the Young

Adult Plans (YAPs). YAPs were authorized by the Health Care Reform law to help address a well-documented disparity: young adults make up a disproportionately large share of the uninsured, in large part because they use relatively little medical care and earn less than older adults. The marketplace needed new options to respond to the way young adults perceived their health risks while offering them access to care, should anything go wrong. Commonwealth Choice YAPs provide lower premiums, a choice of plans with and without prescription drug

According to data on non-group enrollment from the Division of Health Care Finance and Policy, Commonwealth Choice accounted for 50 % of the total growth in the non-group (or individual) market for insurance in Massachusetts from its inception to March 31, 2008.

Below is the home page for the Health Connector web site.

The screenshot shows the Commonwealth Connector website. At the top, there is a navigation bar with links for Account Login, En Español, Help, and Contact Us. Below this is a banner with the Commonwealth Connector logo and a message: "Does your plan have the benefits that will be required as of Jan. 1, 2009? [learn more](#)". The main navigation bar includes links for Home, Find Insurance, Health Care Reform, and About Us. A search bar is also present. The main content area features a headline: "You need insurance. The state's Health Connector can help." Below this is a row of six images representing different user groups: Individuals & Families, Young Adults, Employees, Employers, and Brokers. The bottom section includes a "Welcome to the Connector!" message, a "Health Connector Success Stories" section featuring a testimonial from Andre from Milton, and a "Already a Commonwealth Care Member?" section with links to Register and Log in.

Account Login • En Español • Help • Contact Us

Does your plan have the benefits that will be required as of Jan. 1, 2009? [learn more](#)

Home Find Insurance Health Care Reform About Us

SEARCH

You need insurance. The state's Health Connector can help.

Individuals & Families Young Adults Employees Employers Brokers

Welcome to the Connector!


We are an independent state agency that helps you find the right health plan and avoid tax penalties. [Learn More...](#)

[Commonwealth Choice](#) offers many options from brand-name health plans. We negotiate prices and benefits. You shop, compare and enroll.

[Commonwealth Care](#) is low or no-cost health insurance for people who qualify.

Find out what's available to you.


Health Connector Success Stories

 Andre from Milton

"I didn't know how I was going to be able to afford the rising cost of health insurance. Fortunately, my wife told me about the Health Connector, which provided me with many different options ... [read more](#)"

Already a Commonwealth Care Member?

- Register for access to your account
- Log in to choose a health plan and view account information



Visit [Mass.gov](#)

Site Map • Feedback • Site Policies

coverage, and benefits to better reflect price sensitivity. YAPs are the choice of 28% of all Commonwealth Choice subscribers.

Commonwealth Choice Voluntary Plan for Employers.

The law requires employers with 11 or more full-time equivalent employees to allow certain

employees to pay for health insurance before state and federal taxes are applied to their paychecks. Many employers now need to offer these tax-free, "Section 125 Plan" savings to certain employees, even if those employees do not qualify for the employer's subsidized health benefits.

*Once a consumer selects a tier, the Health Connector's web site typically presents three to five plan options.**

Compare Selected Plans

Tier	Plan	Premium* ?	Deductible ?	Co-Payments ?			Hospital Stay ?	Doctors You Can See ?	Choose Plan
				Doctor	RX	ER			
B	<input type="checkbox"/> Neighborhood Health Plan NHPTThree Select	\$193.19	\$2,000/\$4,000	\$25	\$15 after Rx deductible / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible	\$100 after deductible	20% co-insurance after deductible	Find Doctor	View Plan
B	<input type="checkbox"/> Tufts Health Plan Advantage HMO Select 2000 (Limited choice of doctors & hospitals)	\$245.05	\$2,000/\$4,000	\$40	\$20 after Rx deductible / \$50 after Rx deductible / \$75 after Rx deductible	\$200	\$0 after deductible	Find Doctor	View Plan
B	<input type="checkbox"/> Fallon Community Health Plan FCHP Select Care	\$254.00	\$2,000/\$4,000	\$25	\$10 / \$50 / \$100	\$100	\$500 per admission after deductible	Find Doctor	View Plan
B	<input type="checkbox"/> Harvard Pilgrim Health Care Harvard Pilgrim Core Coverage 1750	\$277.72	\$1,750/\$3,500	\$25 copay up to 3 medical care office visits per individual (or 6 per family); next visits are subject to the deductible; then 20% co-insurance thereafter	\$15 / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible	\$250	20% co-insurance after deductible	Find Doctor	View Plan
B	<input type="checkbox"/> Blue Cross Blue Shield of Massachusetts HMO Blue Basic Value	\$288.73	\$250 per plan year/\$500 per plan year	\$25	\$15 / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible	\$150	35% co-insurance after deductible	Find Doctor	View Plan

Compare Selected Plans

** Based on rates for a 37-year-old, average uninsured individual in Boston during August of 2008.*

The Commonwealth Choice Voluntary Plan lets eligible employees apply these tax-free savings of 28% to 48% to the purchase of a Commonwealth Choice plan, without an employer contribution. To date, approximately 3,000 Massachusetts employers offer this Commonwealth Choice option. Membership growth has been slow but steady and stands at more than 1,000, as of June 2008.

Commonwealth Choice Contributory Plan for Employers. When launched in the fall of 2008 for coverage to start Jan. 1, 2009, this program will offer a brand new way for small employers to offer health insurance benefits to their employees with an employer contribution toward the cost. Employers will compare the Commonwealth Choice plans, make a selection, and manage their costs by adjusting their contribution levels for employees and dependents. Once their choice is confirmed, employers will invite their employees to enroll. Employees will be able to enroll in the employer's plan of choice or apply the employer's contribution to another Commonwealth Choice plan.

Commonwealth Choice plans are currently offered by:

- Blue Cross Blue Shield of Massachusetts
- Fallon Community Health Plan
- Harvard Pilgrim Health Care
- Health New England
- Neighborhood Health Plan
- Tufts Health Plan



When Kay and Eugene Winakor retired to old Cape Cod last year, they were fortunate they didn't have to bring their old health insurance plan with them.

As a small business owner in Connecticut, Eugene was eligible to continue his health coverage through COBRA when he and his wife took up permanent residence in the South Yarmouth home they had owned for many years.

"This alternative would have cost us over \$2,000 a month and we would have to belong to a plan that may not have protected our needs," said Kay.

The Winakors were delighted when they discovered the comprehensive Commonwealth Choice options that were available through the Health Connector. And they were thrilled that the plan they selected saves them more than \$600 a month.

"The state's Health Connector is a good program," said Kay. "Most health care costs are extreme, but the Connector makes the effort to help us."

Health Reform has been implemented as a cooperative effort of numerous state agencies, all of whom share in its success.

We want to thank and acknowledge them.

Executive Office for Administration and Finance

Department of Revenue

Executive Office of Health and Human Services

MassHealth

Division of Health Care Finance and Policy

Department of Public Health

Division of Insurance

Division of Unemployment Assistance

Group Insurance Commission

Massachusetts Board of Higher Education

Registry of Motor Vehicles

MBTA

BOARD OF DIRECTORS

Leslie A. Kirwan

Chair
Secretary of
Administration and Finance

Nonnie Burnes

Commissioner of
the Division of Insurance

Tom Dehner

Medicaid Director

Ian Duncan

Founder and
President of Solucia, Inc.

Jonathan Gruber, Ph.D.

Economics professor at MIT

Richard C. Lord

President and CEO of
Associated Industries of
Massachusetts

Louis F. Malzone

Secretary of the
Massachusetts Coalition
of Taft-Hartley Funds

Dolores Mitchell

Executive Director of the
Massachusetts Group
Insurance Commission

Nancy Turnbull

Associate Dean at
Harvard School of Public Health

Celia Wcislo

Assistant Division Director of
I 199 SEIU United
Health Care Workers East

Produced by the Commonwealth Health Insurance Connector Authority

Leslie Kirwan, Chairman of the Board of Directors

Jon Kingsdale, Executive Director

Joan Fallon, Chief Communication Officer

Richard R. Powers, Editor

Contributors: Niki Conte, Suzi Jervinis and Paul Wingle

Design: Niki Conte

Photography: Rick Bern and Bethany Versoy